GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Public Services - Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada - Departmental proceedings under Rule 20 of the Andhra Pradesh Civil Services (CCA) Rules, 1991 - Articles of Charges - Issued.

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LABOUR, FACTORIES, BOILERS AND IMS (IMS&VIG) DEPARTMENT

G.O.Rt.No.174 Dated:11.05.2022

Read the Following:

1. From the DG, (V&E) & E.O. Prl. Secy. to Govt. VR.No.1, (C.No.2982/V&E/Sec.II/D2/2019-1&2&836/V&E/Sec.II/D2/2019-1) Dt.03.01.2020.
2. From the Director of Insurance Medical Services, A.P., Vijayawada Lr.Rc.No.1625923/SM/DIMS/2022, dated:15.03.2022

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ORDER

It is proposed to hold an inquiry against Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada in accordance with the procedure laid down in Rule 20 of the Andhra Pradesh Civil Services (Classification, Control and Appeal) Rules, 1991.

2. The substance of the imputations of misconduct or misbehavior in respect of which the inquiry is proposed to be held is set out in the enclosed Statement of Articles of Charges (Annexure-I). A statement of imputations of misconduct or misbehavior on which action is proposed to be taken against him is enclosed (Annexure-II). A list of documents by which and a list of witnesses by whom the Articles of charges are proposed to be sustained are also enclosed (Annexure- III&IV).

3. Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada is directed to submit this written statement of defense within10 days from the date of receipt of this Government Order a written statement of his defence and also to state whether he desires to be heard in person.

4. Sri E.Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada is further informed that an inquiry will be held only in respect of those articles of charges are not admitted. He should, therefore, specifically admit or deny each article of charge.

5. Sri E.Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada is further informed that if he does not submit his written statement of defense on or before the date specified in Para-3 above or does not appear in person before the Inquiry Authority or otherwise fails or refuses to comply with the provisions of Rule 20 of the Andhra Pradesh Civil Services (Classification, Control and Appeal) Rules, 1991 or the orders/directions issued in pursuance of the said rules, the inquiring authority may hold the inquiry against him exparte.

6. Attention of Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada is invited to Rule 24 of the A.P. Civil Services (Conduct) Rules, 1964 under which no Government Servant shall bring or attempt to bring any political or outside influence to bear upon any superior authority to furtherance of his interests in respect of matters pertaining to his service under the Government. If any representation is received on his behalf from another persons in respect of any matter dealt with these proceedings, it will be presumed that he is aware of such a representation and that it has been made at his instance and action will be taken against him for violation of Rule 24 of the A.P. Civil Services (Conduct) Rules, 1964.

7. Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada is specifically informed, that this order does not preclude the disciplinary authority to frame fresh charges, if any other irregularities are noticed during the course of disciplinary action.

(P.T.O)

8. The receipt of this Government Order shall be acknowledged.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

To
Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada through the Director, Insurance Medical Services, Andhra Pradesh, Vijayawada.

Copy to:
The Director, Insurance Medical Services, Andhra Pradesh, Vijayawada with a request to serve the Articles of charge on the individual and furnish the dated ACK. of served copy for record.

//FORWARDED::BY ORDER//

K. Vijaya Kumari
SECTION OFFICER

ANNEXURE - I

**Statement of Article of Charges framed against Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada.**

That the said Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada while working as Senior Assistant in CDS section O/o DIMS from 2014 to 2019, had committed the grave misconduct and irregularities as mentioned in the article of charges.

**Article of Charge -1**

That Sri E. Ramesh Babuwhile working as Senior Assistant at O/o DIMS processed the file for purchase of the items more than indents and required at exorbitant rates in violation of procedures by taking illegal gratification for wrongful gain.

**Article of Charge -2**

That Sri E. Ramesh Babu while working as Senior Assistant at O/o DIMS Failed to follow the due procedure of financial rules in purchases.

**Article of Charge -3**

That Sri E. Ramesh Babu while working as Senior Assistant at O/o DIMS Prepared fake/ forged fabricated quotations with her own hand writing on the envelop covers in collusion with Non RC firms.

***By his above mentioned acts, he has exhibited lack of integrity, irresponsible towards his legitimate duties, maintaining integrity, devotion to duty and unbecoming of a Government Servant and hereby violated Rule 3(i) of the AP Civil Services (Conduct) Rules,1964.***

G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

//FORWARDED::BY ORDER//

K. Vijaya Kumari
SECTION OFFICER

## ANNEXURE - II

**Statement of imputations of misconduct and irregularities in support of Article of Charges framed against Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada.**

The Vigilance & Enforcement officials have enquired regarding the misappropriation in the Directorate of Insurance Medical Services, Andhra Pradesh, Vijayawada in procurement of Drugs, Medical Equipment, Biometric Machines, Furniture, engaging the services of call center and ECG Test through M/s. Tale Health Services and establishment of Sewage Treatment plants at 03 Hospitals and one Diagnostic Center through M/s. Jalam Environmental Pvt Ltd., during the tenure of previous three I/c. Directors of Insurance Medical Services i.e., Dr. B. Ravi Kumar (01-11-2014 to 05-07-2016), Dr. C.K. Ramesh Kumar (06-07-2016 to 01-11-2017) and Dr. G. Vijaya Kumar (02-11-2017 to 07-05-2019) and submitted report to the Government. The following are the lapses, irregularities noticed during the enquiry.

1. The Department of Labour, Employment, Training & Factories (IMS) formulated the comprehensive policy guidelines for purchase of Drugs & Medicines and Medical equipment in Insurance Medical Services Department vide G.O.Ms.No.51, Dt.09.04.2012 of LET&F Dept,.

   As Senior Assistant, processed the file for purchase of Non RC drugs, emergency and Specialist medicines by way of Limited Quotation instead of Open Tenders by way of e-Procurement in violation of G.O.Ms.No.51 of 2012 and some of the items were purchased from outside the State in violation of G.O.Ms.No.51 of 2010.

   No letters were dispatched from DIMS Office calling for quotations from the firms. He never affixed or pasted tender calling letter in the notice board. The suppliers themselves used to come to office and submit quotations after knowing about the requirement of the drugs. He has not gone through the quotations and comparative statements before approving the L1 quotation, and he signed comparative statement by not verifying the genuineness of the other quotations submitted by different firms. It is found that the handwritings on the envelops addressed to the DIMS, Vijayawada are apparently similar. Only limited tender system has been followed with exorbitant rates. Envelop covers were written by him self and Smt K.Dhana Lakshmi, Pharmacst and they kept the remaining quotations in those envelop covers. They prepared comparative statements with those fake/ forged quotations and envelop covers.

   Purchased drugs worth Rs.191.31Cr without indents and drugs worth Rs.21.29 Cr over & above the indented items and supplied to the Hospitals, Dispensaries & Diagnostic Centers and Rs.3.09 Cr worth drugs were supplied to Panel Clinics in the State without indents by violating the G.O.Ms.No. 51 and without any actual requirement by unit level officers and to give purchase orders to Non RC firms of their choice and thereby showed undue favour. Thus, the Directors supplied drugs without indents and over & above the indents without any justification and without any necessity and caused huge loss to the Govt.

2. Being served as Senior Assistant in DIMS, he is not fully acquainted with all relevant Acts, Manuals, G.Os and Circulars issued by Government of AP and ESIC from time to time. He has not followed all the procedures of Insurance Medical Services as well as Employment State Insurance Corporation and there are certain procedural lapses and violations in procurement of non RC drugs, emergency & Specialist drugs etc., He is not well versed with finance rules, administrative rules and purchase policies of IMS and ESIC.

   During his tenure, he processed the files for purchase of Non RC drugs, emergency & Specialist drugs. But not followed any of the procedures laid in G.O.Ms.No.489, Fin Dept., Dt.08.12.2008, guidelines of ESIC, G.O.Ms.No.51, dt.01.06.2010, G.O.Ms.No.51, dt.09.04.2012, G.O.Ms.No.258, dt.20.09,2013,

G.O.Ms.No.40, dt. 14.02.2014, G.O.Ms.No.2, dt.03.02.2014 and Letter No.U-16/ 52/ 2001/Med-III(AP), dt.22.11.2016. There is a provision in G.O. Ms. No.51 to purchase only specialist drugs but not otherwise but he procured drugs other than specialist drugs. There is a provision in the G.O.Ms. No. 51 that only items listed in RC contract of ESIC are to be preferred always and rarest among rare cases only the procurement under non RC shall be resorted, but he procured the drugs by violating the provision. There are instructions / guidelines from ESIC, New Delhi vide Letter No.U-16/52/2001/Med-III(AP), Dt.22.11.2016 that in case of non availability of drug under ESIC Rate Contract, it is directed to follow State RC and surgical/ consumable to be procured through State Govt. RC or by the State Authority following GFR/ESIC norms. But it was not followed.

3. During course of enquiry, randomly secured and examined some of the distributors, who supplied drags under Non RC to DIMS. On examination, they all categorically stated that they supplied non RC drugs without any tender process. When approached the Directorate, the then Directors advised them to supply medicines by furnishing a list of drugs to be supplied. Accordingly, they submitted quotations by mentioning the prices as furnished by the Pharmacist, Smt K. Dhana Lakshmi. The other quotations were fabricated by the Pharmacist and the staff of Central Drug Store of DIMS. They supplied the required medicines as per purchase orders issued by the Director IMS. They supplied drugs with more than 50% excess price than the RC drugs. They supplied at exorbitant rates to pay bribe amounts to Directors, staff of Central Drug Store for getting purchase orders and payments. It is evident that the suppliers under fo- DC drags are colluded with the then Directors and their staff for getting purchase orders at exorbitant rates.

On perusal of the purchase order files, it is observed that in most of the files firms are formed into a ring to avoid competative bidding and thereby indulged in cartilisation in collusion with the Directors and Staff of Insurance Medical Services and caused huge wrongful loss to Govt Exchequer and corresponding personal gain. On perusal of Non RC Distributors / Dealers quotation s and envelop covers, the handwriting on the envelop covers said to have been submitted by different firms appears to be one and the same. When examined the staff of DIMS, they stated that the quotations ware prepared in the office by the Pharmacist Smt K. Dhana Lakshmi and Senior Asst., E. Ramesh Babu. On random verification of purchase order (P.O) files, the hand writings of Smt K. Dhana Lakshmi, Pharmacist were found on envelop covers of 137 P.Os. worth Rs.5.88 Cr and the hand writings of Sri E. Ramesh Babu, Sr.Asst., was found on envelop covers of 119 P.Os. worth Rs.4.71 Cr. Thus, issued purchase orders basing on the fabricated quotations and used those fabricated / forged quotations as genuine documents.

When examined the Non Rate Contract Drug Distributors / Dealers, they categorically admitted that on their request, the Directors furnished the list of drugs along with prices, accordingly, they submitted their quotation and the staff of DIMS prepared remaining quotations by fabricating the letter leads and issued purchase orders to them. They also stated that they paid bribes to the Directors, staff in getting POs and payments for supply of the Drugs.

On random verification of note file Rc.No.15/CDS/ NR/2018-19, Dt.03.10.2018, it was noticed that, called quotation from M/s. Sri SaiBalaji Enterprises, M/s. Technomed Systems, M/s. Jercon Enterprises, M/s.R.R. Traders, M/s. Vyshnavi Enterprises and M/ s. Vinayaka Enterprises for supply of X-Ray Lobby, Hydralic OT Tables with C- arm compatability, Instruments Trolley, Ophthalmic OT Table, hydrolic Surgeon chair, Basic Anesthesia Station, Anesthesia work station accessories, Movable OT light all worth Rs.1.91 Cr. The purchase order was issued to the above items to M/s. Technomed Systems by splitting the order into 13 purchase orders. On verification of quotation of M/s. Technomed Systems, there is no signature of the authorised person in the said quotation.

Issued another purchase order for supply of floor cots, bed side lockers, be side screens, SS Stolens, wheel chairs, etc worth Rs. 58.26 Lakhs to M/s. Technomed Systems. The above two quotation appears to be a colour Xerox and it appears that all the quotations are printed from the same printer. On examination of the proprietors for remaining firms, M/s Vyshnavi Enterprises, M/s. Saravan Chemroad Associates and M/s. Vinayaka Enterprises of Guntur, whose quotations were taken as support documents in the file along with M/s. Technomed Systems (LI), they stated that they never submitted quotations from their firms for the above items and quotations found in the file are fabricated and forged. They supplied only drugs to Director, IMS, AP and the Pharmacist, Dhana Lakshmi used to take blank letter heads.

On examination of the Proprietor of M/s. Technomed Systems, Ponugoti Narender, he stated that he has not received any written communication from the Director for supply of above items and he has not received specifications of the items to be supplied. He did not mention the specifications of the items in his quotation or invoice. On being shown the other quotations in the note file, he stated that those quotations are appear to be printed in the same printer and giving suspicion. In view of be above, tic DIMS staff particularly the Pharmacist, K. Dhana Lakshmi managed to get empty letter leads of various competitive firms and used them for preparing and filing with highest rates to support particular firms having vested interest for declare them as L1 bidders to avoid competitive bidding.

From this, it is evident that he has exhibited lack of integrity, devotion to duty and unbecoming of a Government Servant and hereby violated Rule 3(i) of the AP Civil Services (Conduct) rules, 1964.

Hence, the charges.

G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

//FORWARDED::BY ORDER//

K. Vijaya Kumari
SECTION OFFICER

ANNEXURE - III

List of documents on the basis of which the Article of Charges framed against Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada.

1. G.O.Ms.No.258, Finance (TFR) Dept., Dt.20.09.2013.
2. G.O.Ms.No.2, Finance (Works & Projects-F7) Department, Dt.03.02.14.
3. G.O.Ms.No.40, Finance (TFR) Dept., Dt.14.02.2014.
4. G.O.Ms.No.51, I&C (MSME) Dept., Dt.01.06.2010.
5. G.O.Ms.No.51, Dt.09.04.2012 of LET&F Dept.
6. Circular No.13/CDS/2014, Dt.31.05.2016 of the Director, Insurance Medical Services
7. Purchase procedure guidelines of ESIC vide LR.NO.U-16/52/2001/MED-III (AP), dt.22.11.2016.
8. Article 3 anc 4 of Andhra Pradesh Financial Code.
9. Appendix I of part 3 of Andhra Pradesh Budget Code.
10. Vigilance Report No. 01 (C.No. 2982/V&E/Sec-II/D2/2019-1,2& 836/ DG/ V&E / Sec-II/ D2/2019) Dt. 03.01.2020 of the Director General (V&E) & E.O. Prl. Secretary to Government, General Administration (Vigilance & Enforcement) Department.

G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

//FORWARDED::BY ORDER//

K. Vijaya Kumari
SECTION OFFICER

ANNEXURE - IV

List of witness by whom the Article of Charges framed against Sri E. Ramesh Babu, Senior Assistant, ESI Hospital, Vijayawada and the then Senior Assistant (CDS, Purchases Emergency & Specialist Drugs) O/o DIMS, Vijayawada.

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G.ANANTHA RAMU
SPECIAL CHIEF SECRETARY TO GOVERNMENT (FAC)

//FORWARDED::BY ORDER//

K. Vijaya Kumari
SECTION OFFICER